

*“Exhibit 1”*

AUGUST B. LANDIS, Assistant United States Trustee  
State Bar # IA PK9228  
*augie.landis@usdoj.gov*

**UNITED STATES DEPARTMENT OF JUSTICE**

Office of the United States Trustee  
300 Las Vegas Boulevard, So., Suite 4300  
Las Vegas, Nevada 89101  
Telephone: (702) 388-6600 Ext. 235  
Facsimile: (702) 388-6658

Attorneys for the Acting United States Trustee  
SARA L. KISTLER

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA**

In re:

**USA Commercial Mortgage Company**  
06-10725 -- Lead Case

**USA Capital Realty Advisors, LLC**  
06-10726

**USA Capital Diversified Trust Deed Fund, LLC**  
06-10727

**USA Capital First Trust Deed Fund, LLC**  
06-10728

**USA Securities, LLC**  
06-10729

Debtors

**Jointly Administered**

Chapter 11 Cases

Judge **Linda B. Riegle** Presiding

Date: N/A

Time: N/A

Place: N/A

**Affecting:**

☒ All Cases

**or Only:**

☐ USA Commercial Mortgage Company

☐ USA Capital Realty Advisors, LLC

☐ USA Capital Diversified Trust Deed Fund, LLC

☐ USA Capital First Trust Deed Fund, LLC

☐ USA Securities, LLC

**THE UNITED STATES TRUSTEE'S NOTICE OF OBJECTION TO THE  
INITIAL MONTHLY STATEMENT OF RAY QUINNEY & NEBEKER**

In compliance with the provisions of the Court's Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals entered August 29, 2006 [Docket No. 1202], the United States Trustee submits the following Notice of Objection to the Initial Monthly Statement of Ray Quinney & Nebeker.

**I. RATES AND PROFESSIONALS**

The rates charged for this Interim Application correspond with the rates listed on the Application to Retain:

19 Shareholders: \$220 - \$315 Two (2) Of Counsel: \$250 - \$290,  
 Three (3) Associates: \$190 - \$195 Four (4) Law Clerks rates: \$115 - 130  
 Five (5) Paralegals rates: \$110 - \$125.

**Blended Rates: Attorneys \$251.28; Law Clerk \$117.72; Paralegals \$119.91.**

**II. OBJECTIONS TO ATTORNEY FEES BILLED**

**A. CLERICAL ISSUES**

1. There are a total of 13.1 hours (\$3,292) spent on tasks, such as docket review and preparing hearing binder, that should have been delegated to a paralegal and/or billed at paralegal rates.

**B. LUMPING**

1. There are approximately 200 obvious lumped hours billed (\$50,256) by various attorneys. Paragraph time entries that are broken down by time spent, still contain lumped billing.

**C. RESEARCH**

1. A total of 63.1 hours (\$15,856) was spent on research regarding issues related to 11 U.S.C. § 365. No related motion, pleading, or argument is evident from the docket.

**D. INTERNAL CONFERENCES**

1. Approximately 812.05 hours are attributable to intraoffice conferencing at RQN, resulting in a total expense of \$204,052 to the Debtors' estates.

**F. SUMMARY OF FEE OBJECTIONS**

1.	Clerical Time	13.1 hours	\$ 3,292.00
2.	Lumping	200 hours	\$ 50,256.00
3.	Research	63.1 hours	\$ 15,856.00
4.	Internal Conferences	812.05 hours	<u>\$204,052.00</u>

**Total Fee Objections: \$273,456.00**

1 **III. OBJECTIONS TO EXPENSES BILLED**

2 **A. PARALEGAL SERVICES**

- 3 1. Expense item for "Paralegal Service" between \$ 3,750.50  
 4 May 4 and 26, 2006. At that time, 5 RQN  
 in-house paralegals were assigned to the case.

5 **B. LEGAL RESEARCH**

- 6 1. No backup documents, invoices, or actual bills \$27,842.08

7 **C. BUSINESS MEALS**

- 8 1. Unable to differentiate from travel expenses that  
 9 include meals in description \$ 796.46

10 **D. TRAVEL EXPENSES**

- 11 1. Prepetition expenses; duplication of air fare;  
 12 air fare for "Unknown" Travelers. \$ 18,906.87  
 Spreadsheet attached.

13 **Total Expense Objections: \$51,295.91**

14 **IV. ADDITIONAL OBJECTIONS**

15 The United States Trustee expressly reserves the right to challenge fees and expenses  
 16 premised upon actual conflicts of interest attendant to representation of multiple debtors,  
 and to raise any additional and appropriate objections at the time of filing of any  
 17 application for interim approval and allowance of fees and expenses pursuant to section  
 331 of the Bankruptcy Code.

18 Respectfully submitted,

19 **SARA L. KISTLER**  
 20 **ACTING UNITED STATES TRUSTEE**  
 21 **REGION 17**

22 By: /s/ August B. Landis  
 23 August B. Landis, Assistant United States Trustee  
 24 United States Department of Justice

*“Exhibit 2”*

AUGUST B. LANDIS, Assistant United States Trustee  
State Bar # IA PK9228  
*augie.landis@usdoj.gov*

**UNITED STATES DEPARTMENT OF JUSTICE**

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Attorneys for the Acting United States Trustee  
SARA L. KISTLER

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA**

In re:

**USA Commercial Mortgage Company**  
06-10725 -- Lead Case

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06-10726

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06-10727

**USA Capital First Trust Deed Fund, LLC**  
06-10728

**USA Securities, LLC**  
06-10729

Debtors

**Jointly Administered**

Chapter 11 Cases

Judge **Linda B. Riegle** Presiding

Date: N/A

Time: N/A

Place: N/A

**Affecting:**

☒ All Cases

**or Only:**

☐ USA Commercial Mortgage Company

☐ USA Capital Realty Advisors, LLC

☐ USA Capital Diversified Trust Deed Fund, LLC

☐ USA Capital First Trust Deed Fund, LLC

☐ USA Securities, LLC

**THE UNITED STATES TRUSTEE'S OBJECTION TO THE INITIAL  
MONTHLY STATEMENT OF ALVAREZ & MARISAL**

In compliance with the provisions of the Court's Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals entered August 29, 2006 [Docket No. 1202], the United States Trustee submits the following Notice of Objection to the Initial Monthly Statement of Alvarez & Marisal:

1 **I. VOLUNTARY RATE WRITEDOWN**

2 The United States Trustee notes that as a condition of their employment, Alvarez &  
3 Marisal reduced their standard hourly rate by 15%. The rate writedown resulted in a  
4 voluntary reduction from standard fees of \$29,300. The fees requested are net of that  
5 write down.

6 **II. OBJECTIONS TO PROFESSIONAL FEES BILLED**

7 A. The employment retention agreement for Alvarez & Marisal reflects four tiers of  
8 personnel at varying hourly rates: Managing Directors (\$465 - 550); Directors  
9 (\$315 - 400); Senior Associates (\$255 - 310); and Associates/Analysts (\$145 -  
10 245). The fee application (page 6, § 12) states that the firm delegated  
11 responsibility (where appropriate) to utilize the services of professionals billing at  
12 lower hourly rates. However, 92% of all hours billed were charged by senior  
13 staff, while only 5.95% of the hours billed were billed by associate level staff, and  
14 only 2.32% of the hours billed were billed at the lowest cost tier. Delegation to  
15 the lowest cost qualified personnel did not occur. A reduction of 3% of the total  
16 professional fees billed (\$4,980.93) is warranted.  
17

18 **III. ADDITIONAL OBJECTIONS**

19 The United States Trustee expressly reserves the right to raise any additional and  
20 appropriate objections at the time of filing of any application for interim approval and  
21 allowance of fees and expenses pursuant to section 331 of the Bankruptcy Code.  
22

23 Respectfully submitted,

24 **SARA L. KISTLER**  
25 **ACTING UNITED STATES TRUSTEE**  
26 **REGION 17**

27 By: /s/ August B. Landis  
28 August B. Landis, Assistant United States Trustee  
United States Department of Justice

AUGUST B. LANDIS, Assistant United States Trustee  
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SARA L. KISTLER

**UNITED STATES BANKRUPTCY COURT**  
**DISTRICT OF NEVADA**

In re:

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06-10725 -- Lead Case

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06-10729

Debtors

**Jointly Administered**

Chapter 11 Cases

Judge **Linda B. Riegle** Presiding

Date: N/A

Time: N/A

Place: N/A

**Affecting:**

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☐ USA Securities, LLC

**THE UNITED STATES TRUSTEE'S OBJECTION TO THE INITIAL**  
**MONTHLY STATEMENT OF BECKLEY SINGLETON, CHTD.**

In compliance with the provisions of the Court's Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals entered August 29, 2006 [Docket No. 1202], the United States Trustee submits the following Notice of Objection to the Initial Monthly Statement of Beckley Singleton, Chtd.:



**I. OBJECTIONS TO ATTORNEY FEES BILLED**

**A. CALCULATION ERRORS - CASE ADMINISTRATION CATEGORY**

1. Anne Loraditch - Billings total 3.4 hours; however, .7 hours of that time is marked "No Charge." Fees should be reduced using her average rate. \$ 158.82
2. Patricia Kois - Billings total 30.30 hours; however, 10.2 hours of that time is marked "No Charge." Fees should be reduced using her average rate. \$ 847.31

**B. VAGUE/INCOMPLETE/DUPLICATE ENTRIES**

1. Bob Olson - Three vague entries in the Case Administration Category: "Review various e-mails in case," (.3 hours); "Review various e-mails and draft papers to be filed" (.3 hours); "Review various e-mails regarding status of case" (.4 hours). Fees should be adjusted using his hourly rate of \$350. \$ 350.00
2. Brett Axelrod - In the Creditor/Equity Communications category, recorded an incomplete entry "Conference with Bob Cranley" with no detail for .2 hours. Fees should be adjusted using her hourly rate. \$ 73.00
3. Michael Feder - In the Bankruptcy Litigation category, Entered an incomplete duplicate entry containing only the letter "M" for .3 hours. The following entry begins with the word "Meeting." Fees should be adjusted to delete the incomplete and duplicative entry using his hourly rate. \$ 90.00

**Total Attorney Fee Objections: \$1,519.13**

**II. ADDITIONAL OBJECTIONS**

The United States Trustee expressly reserves the right to raise any additional and appropriate objections at the time of filing of any application for interim approval and allowance of fees and expenses pursuant to section 331 of the Bankruptcy Code.

Respectfully submitted,

**SARA L. KISTLER  
ACTING UNITED STATES TRUSTEE  
REGION 17**

By: /s/ August B. Landis  
August B. Landis, Assistant United States Trustee  
United States Department of Justice

AUGUST B. LANDIS, Assistant United States Trustee  
State Bar # IA PK9228  
*augie.landis@usdoj.gov*

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Attorneys for the Acting United States Trustee  
SARA L. KISTLER

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA**

In re:

**USA Commercial Mortgage Company**  
06-10725 -- Lead Case

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06-10729

Debtors

**Jointly Administered**

Chapter 11 Cases

Judge **Linda B. Riegle** Presiding

Date: N/A

Time: N/A

Place: N/A

**Affecting:**

☒ All Cases

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☐ USA Securities, LLC

**THE UNITED STATES TRUSTEE'S OBJECTION TO THE INITIAL  
MONTHLY STATEMENT OF DAVID HUSTON**

In compliance with the provisions of the Court's Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals entered August 29, 2006 [Docket No. 1202], the United States Trustee submits the following Notice of Objection to the Initial Monthly Statement of David Huston:

1 **I. OBJECTIONS TO ATTORNEY FEES BILLED**

2 **A. SERVICES BILLED PRIOR TO COURT APPROVAL OF RETENTION**

- 3 1. The order employing Mr. Huston as special  
4 counsel was entered July 21, 2006. Mr. Huston  
5 was employed under general retainer, but not  
6 *nunc pro tunc*. A total of 16.6 hours billed were  
for services rendered prior to court approval, and  
an attendant reduction in fees is necessary. \$ 4,980.00

7 **II. ADDITIONAL OBJECTIONS**

8 The United States Trustee expressly reserves the right to raise any additional and  
9 appropriate objections at the time of filing of any application for interim approval and  
allowance of fees and expenses pursuant to section 331 of the Bankruptcy Code.

10  
11 Respectfully submitted,

12 **SARA L. KISTLER**  
13 **ACTING UNITED STATES TRUSTEE**  
**REGION 17**

14  
15 By: /s/ August B. Landis  
16 August B. Landis, Assistant United States Trustee  
17 United States Department of Justice  
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28

AUGUST B. LANDIS, Assistant United States Trustee  
State Bar # IA PK9228  
*augie.landis@usdoj.gov*

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SARA L. KISTLER

**UNITED STATES BANKRUPTCY COURT**  
**DISTRICT OF NEVADA**

In re:

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06-10725 -- Lead Case

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Debtors

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Chapter 11 Cases

Judge **Linda B. Riegle** Presiding

Date: N/A

Time: N/A

Place: N/A

**Affecting:**

☒ All Cases

**or Only:**

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☐ USA Capital First Trust Deed Fund, LLC

☐ USA Securities, LLC

**THE UNITED STATES TRUSTEE'S OBJECTION TO THE INITIAL**  
**MONTHLY STATEMENT OF**

In compliance with the provisions of the Court's Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals entered August 29, 2006 [Docket No. 1202], the United States Trustee submits the following Notice of Objection to the Initial Monthly Statement of Lewis & Rocca, LLP:

**I. OBJECTIONS TO ATTORNEY FEES BILLED**

- A. Vague time entry, lumping of research time, drafting time, and office conference time \$6,646.50

**II. OBJECTIONS TO EXPENSES BILLED**

**A. DELIVERY CHARGES**

1. In-house runner service to court charged \$90.00 for 5 trips billed on 7/17/06 \$ 90.00

**B. LEGAL RESEARCH**

1. Westlaw charges for approximately 180 hours of research time billed by 3 associates, which also included some drafting and intraoffice conference time. Review of itemized Westlaw entries shows charges for days no research was billed, as well as charges that do not correspond to time entries on dates when research was billed. \$31,452.42

**III. ADDITIONAL OBJECTIONS**

The United States Trustee expressly reserves the right to raise any additional and appropriate objections at the time of filing of any application for interim approval and allowance of fees and expenses pursuant to section 331 of the Bankruptcy Code.

Respectfully submitted,

**SARA L. KISTLER  
ACTING UNITED STATES TRUSTEE  
REGION 17**

By: /s/ August B. Landis  
August B. Landis, Assistant United States Trustee  
United States Department of Justice

AUGUST B. LANDIS, Assistant United States Trustee  
State Bar # IA PK9228  
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SARA L. KISTLER

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA**

In re:

**USA Commercial Mortgage Company**  
06-10725 -- Lead Case

**USA Capital Realty Advisors, LLC**  
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**USA Securities, LLC**  
06-10729 Debtors

**Jointly Administered**

Chapter 11 Cases

Judge **Linda B. Riegle** Presiding

Date: N/A

Time: N/A

Place: N/A

**Affecting:**

☒ All Cases

**or Only:**

☐ USA Commercial Mortgage Company

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☐ USA Capital First Trust Deed Fund, LLC

☐ USA Securities, LLC

**THE UNITED STATES TRUSTEE'S NOTICE OF OBJECTION TO THE  
INITIAL MONTHLY STATEMENT OF MESIROW FINANCIAL**

In compliance with the provisions of the Court's Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals entered August 29, 2006 [Docket No. 1202], the United States Trustee submits the following Notice of Objection to the Initial Monthly Statement of Mesirow Financial:

1 **II. OBJECTION TO FEES BILLED**

2 The Forensic Loan Accounting category is about 50.7% of total time and about 46% of  
3 the total fees requested by Mesirow. The blended rate for this category is approximately  
4 \$368/hour. Based upon the time entries and task descriptions, it appears that there was a  
5 limited amount of overlapping (*see* Loan Portfolio, Forensic Loan Accounting, and  
6 Financial Analysis task descriptions), and that some of the tasks performed could have  
7 been performed by a lower level accountant. If 60% of the time expended had been  
8 billed by a lower level professional at \$200/hour, 30% performed by a more experienced  
9 professional at \$400/hour, and 10% by a senior professional at \$650/hour, the blended  
10 rate would be approximately \$305/hour. The difference would be \$260,000 with respect  
11 to the fees billed for this category. However, Mesirow's application indicates that they  
12 essentially had to reconstruct all of the loan ledgers (i.e., they could not rely on the  
13 debtors' records). Under the circumstances of this case, the use of higher level  
14 professionals to perform tasks, which on a prospective basis should be performed by  
15 lower level staff accountants/paraprofessionals/bookkeepers, is generally appropriate.  
16 However, a downward adjustment of 3% of the \$1,528,168 in total fees billed under the  
17 Forensic Loan Accounting category, or \$45,805.04, is warranted.

18  
19 **III. ADDITIONAL OBJECTIONS**

20 The United States Trustee expressly reserves the right to challenge fees and expenses  
21 premised upon actual conflicts of interest attendant to representation of multiple debtors,  
22 and to raise any additional and appropriate objections at the time of filing of any  
23 application for interim approval and allowance of fees and expenses pursuant to section  
24 331 of the Bankruptcy Code.

Respectfully submitted,

**SARA L. KISTLER**  
**ACTING UNITED STATES TRUSTEE**  
**REGION 17**

By: /s/ August B. Landis  
August B. Landis, Assistant United States Trustee  
United States Department of Justice



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*augie.landis@usdoj.gov*

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SARA L. KISTLER

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA**

In re:

**USA Commercial Mortgage Company**  
06-10725 -- Lead Case

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06-10729

Debtors

**Jointly Administered**

Chapter 11 Cases  
Judge **Linda B. Riegle** Presiding

Date: N/A

Time: N/A

Place: N/A

**Affecting:**

☒ All Cases

**or Only:**

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☐ USA Capital First Trust Deed Fund, LLC

☐ USA Securities, LLC

**THE UNITED STATES TRUSTEE'S OBJECTION TO THE INITIAL  
MONTHLY STATEMENT OF ORRICK, HARRINGTON & SUTCLIFFE, LLP**

In compliance with the provisions of the Court's Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals entered August 29, 2006 [Docket No. 1202], the United States Trustee submits the following Notice of Objection to the Initial Monthly Statement of Orrick, Harrington & Sutcliffe, LLP:

1 **I. VOLUNTARY WRITEDOWN**

2 The United States Trustee notes that \$15,000.00 in fees were voluntarily written down as  
3 duplicative, unnecessary, or unproductive, and that the fees requested are net of that write  
4 down.

5 **I. OBJECTIONS TO ATTORNEY FEES BILLED**

6 **A. OF COUNSEL BILLING**

- 7 1. Jeffrey Herman, Of Counsel, billed  
8 244.10 hours at a rate of \$570.00 per hour  
9 (\$139,137). Related time entries are lumped,  
10 combining review and analysis time with  
11 correspondence; travel time with meeting time;  
12 conference call time with further review and  
analysis. Entries for email communications  
are generally vague, omitting party names,  
subject matter, or both. A 30% reduction of  
the total fee charged for Of Counsel time  
is warranted. \$41,741.10

13 **II. ADDITIONAL OBJECTIONS**

14 The United States Trustee expressly reserves the right to raise any additional and  
15 appropriate objections at the time of filing of any application for interim approval and  
allowance of fees and expenses pursuant to section 331 of the Bankruptcy Code.

16 Respectfully submitted,

17 **SARA L. KISTLER**  
18 **ACTING UNITED STATES TRUSTEE**  
19 **REGION 17**

20 By: /s/ August B. Landis  
21 August B. Landis, Assistant United States Trustee  
22 United States Department of Justice  
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**UNITED STATES BANKRUPTCY COURT**  
**DISTRICT OF NEVADA**

In re:

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06-10729 Debtors

**Jointly Administered**  
Chapter 11 Cases  
Judge **Linda B. Riegle** Presiding

Date: N/A  
Time: N/A  
Place: N/A

**Affecting:**  
☒ All Cases  
**or Only:**  
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☐ USA Securities, LLC

**THE UNITED STATES TRUSTEE'S THE UNITED STATES TRUSTEE'S**  
**NOTICE OF OBJECTION TO THE INITIAL MONTHLY STATEMENT OF**  
**SCHWARTZER & MCPHERSON**

In compliance with the provisions of the Court's Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals entered August 29, 2006 [Docket No. 1202], the United States Trustee submits the following Notice of Objection to the Initial Monthly Statement of Schwartzer & McPherson:

**I. RATES**

The Application to Retain list hourly rates for Lenard Schwartzter only in the sum of \$425.00. To the extent other attorneys provided services rendered, no rate has been approved by the Court.

**II. OBJECTIONS TO ATTORNEY FEES BILLED****A. CLERICAL ISSUES**

1. Mr. Schwartzter spent .20 hours rescheduling the IDI with Clarke Finneran and spent .30 hours reviewing a news article (\$212.50 total). These tasks should have delegated to a paralegal, and/or billed at a paralegal rate.

**B. LUMPING**

1. Mr. Schwartzter's invoices contain a total of 4.90 lumped hours at \$425 an hour (\$2,082.50).

**C. CHARGES FOR NON-LEGAL SERVICES**

1. Entry by Mr. Schwartzter on June 15, 2006, "Assist in filing Schedules" for 2.10 hours at \$425 per hour (\$892.00).

**D. SUMMARY OF FEE OBJECTIONS**

1.	Clerical Time	.50 hours	\$ 212.50
2.	Lumping	4.90 hours	\$2,082.50
3.	Non-Legal Services	2.10 hours	<u>\$ 892.00</u>

**Total Fee Objections: \$3,187.00**

**III. OBJECTIONS TO EXPENSES BILLED****A. DELIVERY CHARGES**

1. Billed at \$5.00 per run \$ 267.50

**B. CONFERENCE ROOM**

1. Billed without detail or related invoice for verification \$1,198.00

**C. LEGAL RESEARCH**

1. No backup documents, invoices, or actual bills
  - a. Westlaw \$1,452.42
  - b. PACER \$1,565.05

**Total Expense Objections: \$4,482.97**

1 **IV. ADDITIONAL OBJECTIONS**

2 The United States Trustee expressly reserves the right to challenge fees and expenses  
3 premised upon actual conflicts of interest attendant to representation of multiple debtors,  
4 and to raise any additional and appropriate objections at the time of filing of any  
application for interim approval and allowance of fees and expenses pursuant to section  
331 of the Bankruptcy Code.

5 Respectfully submitted,

6 **SARA L. KISTLER**  
7 **ACTING UNITED STATES TRUSTEE**  
8 **REGION 17**

9 By: /s/ August B. Landis  
10 August B. Landis, Assistant United States Trustee  
11 United States Department of Justice  
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**UNITED STATES DEPARTMENT OF JUSTICE**

Office of the United States Trustee  
300 Las Vegas Boulevard, So., Suite 4300  
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Attorneys for the Acting United States Trustee  
SARA L. KISTLER

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA**

In re:

**USA Commercial Mortgage Company**  
06-10725 -- Lead Case

**USA Capital Realty Advisors, LLC**  
06-10726

**USA Capital Diversified Trust Deed Fund, LLC**  
06-10727

**USA Capital First Trust Deed Fund, LLC**  
06-10728

**USA Securities, LLC**  
06-10729

Debtors

**Jointly Administered**

Chapter 11 Cases

Judge **Linda B. Riegle** Presiding

Date: N/A

Time: N/A

Place: N/A

**Affecting:**

☒ All Cases

**or Only:**

☐ USA Commercial Mortgage Company

☐ USA Capital Realty Advisors, LLC

☐ USA Capital Diversified Trust Deed Fund, LLC

☐ USA Capital First Trust Deed Fund, LLC

☐ USA Securities, LLC

**THE UNITED STATES TRUSTEE'S OBJECTION TO THE INITIAL  
MONTHLY STATEMENT OF**

In compliance with the provisions of the Court's Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals entered August 29, 2006 [Docket No. 1202], the United States Trustee submits the following Notice of Objection to the Initial Monthly Statement of Shea & Carlyon, Ltd.:

**I. OBJECTIONS TO ATTORNEY FEES BILLED****A. CLERICAL ISSUES**

1. Entry "Prepare binders for 08/04/06 omnibus hearing" for 1.6 hours on July 28, 2006 shows work performed by attorney Shlomo Sherman. This task should have been delegated to a paralegal and/or billed at paralegal rates. Related actual billings (\$304) should be reduced to paralegal rates for the same time (\$240), yielding a net reduction of \$64. \$ 64.00
  2. Entry by attorney Jim Shea on June 22, 2006 re: "Telephone call with Mr. Lea re substitute trustee" for .4 hours is inconsistent with case posture - - no trustee has been appointed. \$ 170.00
- Total Fee Objections \$ 234.00**

**II. OBJECTIONS TO EXPENSES BILLED****A. DELIVERY CHARGES**

1. In-house messenger service to charged \$7.50 per run for 6 runs \$ 24.00

**III. ADDITIONAL OBJECTIONS**

The United States Trustee expressly reserves the right to raise any additional and appropriate objections at the time of filing of any application for interim approval and allowance of fees and expenses pursuant to section 331 of the Bankruptcy Code.

Respectfully submitted,

**SARA L. KISTLER  
ACTING UNITED STATES TRUSTEE  
REGION 17**

By: /s/ August B. Landis  
August B. Landis, Assistant United States Trustee  
United States Department of Justice

AUGUST B. LANDIS, Assistant United States Trustee  
State Bar # IA PK9228  
*augie.landis@usdoj.gov*  
**UNITED STATES DEPARTMENT OF JUSTICE**  
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Chapter 11 Cases  
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Date: N/A  
Time: N/A  
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**Affecting:**  
☒ All Cases  
**or Only:**  
☐ USA Commercial Mortgage Company  
☐ USA Capital Realty Advisors, LLC  
☐ USA Capital Diversified Trust Deed Fund, LLC  
☐ USA Capital First Trust Deed Fund, LLC  
☐ USA Securities, LLC

**THE UNITED STATES TRUSTEE'S OBJECTION TO THE INITIAL**  
**MONTHLY STATEMENT OF STUTMAN, TRIESTER & GLATT, P.C.**

In compliance with the provisions of the Court's Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals entered August 29, 2006 [Docket No. 1202], the United States Trustee submits the following Notice of Objection to the Initial Monthly Statement of Stutman, Triester & Glatt, P.C.:



**I. VOLUNTARY WRITEDOWN**

The United States Trustee notes that \$128,871.50 in fees were voluntarily written down, and that the fees requested are net of that write down.

**II. OBJECTIONS TO ATTORNEY FEES BILLED**

**A. CLERICAL ISSUES**

1. There are a total of 21.4 hours spent on tasks ("updating pleadings binder," "revising contact list," "updating calendar," "revise file list," "filing pleadings," "preparing certificate of service", etc.) which were billed by attorneys, including a shareholder, which should have been delegated to a paralegal and/or billed at paralegal rates. Related actual billings (\$7,792) should be reduced to paralegal rates for the same time (\$3,842), yielding a net reduction of \$3,940. \$ 3,940.00

**B. NON-COMPENSABLE / DUPLICATE ENTRIES**

1. An associate billed .1 hour for coordinating ECF training. Training time is not compensable. \$ 35.00
  2. Reduction for duplicate time entry \$ 100.00
- Total Fee Objections: \$ 4,075.00**

**III. OBJECTIONS TO EXPENSES BILLED**

- A. Airport Transortation - Insufficient itemization and verification \$ 681.20
  - B. Document processing - Insufficient description, given scope of Copy Production expense claim \$ 456.17
  - C. Parking Validation Expense - Insufficient detail \$ 48.00
  - D. In-house photocopying - Insufficient detail \$19,910.50
- Total Expense Objections: \$21,095.87**

1 **IV. ADDITIONAL OBJECTIONS**

2 The United States Trustee expressly reserves the right to raise any additional and  
3 appropriate objections at the time of filing of any application for interim approval and  
4 allowance of fees and expenses pursuant to section 331 of the Bankruptcy Code.

5 Respectfully submitted,

6 **SARA L. KISTLER**  
7 **ACTING UNITED STATES TRUSTEE**  
8 **REGION 17**

9 By: /s/ August B. Landis  
10 August B. Landis, Assistant United States Trustee  
11 United States Department of Justice  
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*“Exhibit 3”*

## United States Trustee Objection Analysis

<u>Professional</u>	<u>Hours</u>	<u>Fees Requested</u>	<u>Blended Rate</u>	<u>UST Objection</u>	<u>% Objection Dollars</u>
<b>Ray Quinney &amp; Nebeker</b>	<b>3,919.87</b>	<b>\$937,187.54</b>	<b>\$239.09</b>	<b>\$273,456.00</b>	<b>29.18%</b>
Orrick Harrington & Sutcliffe	929.80	\$467,794.50	\$503.11	\$41,741.10	8.92%
Alvarez & Marisal	435.10	\$166,030.93	\$381.59	\$4,980.93	3.00%
Lewis and Roca	709.80	\$227,901.25	\$321.08	\$6,646.50	2.92%
Beckley Singleton	298.00	\$74,332.00	\$249.44	\$1,519.13	2.04%
Mesirov Financial	7,632.10	\$3,084,227.00	\$404.11	\$45,805.04	1.49%
Schwarztz & McPherson	807.70	\$265,016.00	\$328.11	\$3,187.00	1.20%
Stutman Treister & Glatt	1,358.50	\$563,338.50	\$414.68	\$4,075.00	0.72%
Shea & Carlyon	634.75	\$165,122.75	\$260.14	\$234.00	0.14%
Gordon & Silver	662.90	\$257,736.00	\$388.80	\$0.00	0.00%